

Department of Social and Health Services

**DP Code/Title: M2-UK Increase in Boarding Home fees**

**Program Level - 050 Long Term Care Services**

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Budget Period: 2003-05    Version: E2 050 2003-05 2004 Sup-Agency Req

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**Recommendation Summary Text:**

The purpose of increasing Boarding Home licensing fees is to fully fund the cost of boarding home licensing and inspection functions. Statewide result number 5.

**Fiscal Detail:**

**Operating Expenditures**

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
<b>Overall Funding</b>			
001-7 General Fund - Basic Account-Private/Local	521,000	947,000	1,468,000
001-C General Fund - Basic Account-DSHS Medicaid Federa	522,000	948,000	1,470,000
<b>Total Cost</b>	<b>1,043,000</b>	<b>1,895,000</b>	<b>2,938,000</b>

**Staffing**

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
<b>Agency FTEs</b>	<b>1.8</b>	<b>11.0</b>	<b>6.4</b>

**Package Description:**

This is a proposal to increase boarding home license fees to fully fund the Aging and Disability Services Administration (ADSA), Residential Care Services (RCS) boarding home licensing and inspection functions, as required by RCW 43.20B.110. The proposed fee increase will enable RCS to add three key programmatic activities to its licensing and inspection functions. The current boarding home license fee is \$79 per year. This proposal would increase the fee to \$115 per year.

Initial Boarding Home License processing:

RCS licenses boarding homes (BH) to ensure that they meet minimum care and safety requirements specified in the law and rule. Most boarding homes are complex business organizations, and there can be numerous parties involved in the management, ownership, and day-to-day operation. The Washington State BH application process is designed to ensure that potential BH providers will meet minimum care and safety requirements and to determine precisely who is doing business in this state. Important steps in the application review process, performed by several agencies, include in-state and out-of-state criminal history background checks; facility construction review to ensure that facilities are built according to requirements; and financial assessments to ensure that the potential licensee is financially viable.

The RCS processes BH applications on a first come, first served basis unless residents are at risk. Currently, it can take four to six months to process pending BH applications. Applicants who have invested time and significant amounts of money in applying for a license frequently wait months to receive the license. Many potential applicants report financial problems as a result, and in many communities, delays in licensing of a boarding home means that Medicaid residents have limited options for placement into a residential setting.

Currently, processing of initial BH license applications is delayed due to finite staff resources in the RCS Business Analysis Unit. RCS has a backlog of initial BH license applications, and has been laboring under a backlog for approximately three years. Numerous process improvements have not resulted in a quantifiable decrease in wait times for an initial license. The increased licensing fee would provide funding to allow the hiring of two additional staff members in the Business Analysis Unit. This proposal would increase staffing levels to meet the public demand for processing initial BH licenses. Increased staffing in the Business Analysis Unit would eliminate the six-month turn-around time, and reduce the BH licensing process to approximately 60 days. The boarding home license fee would need to increase \$15 per year to accomplish this activity.

Quality Improvement Consultation (QIC)

The QIC program assists BH licensees to comply with licensing requirements through technical assistance provided by the

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department. Technical assistance activities are focused on:

- Accurately identifying resident needs and compliance concerns;
- Taking effective action to enable residents to reside in the setting of their choice and;
- Promoting resident quality of life, quality of care and safety.

RCW 18.20.115 authorizes the department to develop and make available to boarding homes a quality improvement consultation program within available funding. RCS staffed a QIC program until recent budget cuts, and lack of funds led to the elimination of staffing for the program. Investment in problem prevention is an efficient use of state dollars. Processes that lead to improved resident satisfaction and outcomes are key to quality of care, quality of life, and resident safety for BH residents.

This proposal would increase RCS staffing levels in order to re-institute the QIC program. The QIC program would provide practical and relevant training to Boarding Homes for problems identified by the provider, inspection reports, ombudsmen and/or residents. The QIC program would establish a method of utilization review by targeting quality, appropriateness, and timeliness of care provided to Medicaid recipients in the BH. The QIC program would assist boarding homes in a spirit of partnership, aside and apart from enforcement activities. The boarding home license fee would need to increase \$90 per year to reinstate this activity.

**Informal Dispute Resolution (IDR) Project**

Currently BH providers have the right to request an IDR whenever they disagree with department findings on inspection reports. The IDR process is conducted by 14 different field offices, which is labor-intensive and leads to the perception of inconsistent results. Senate Bill-5579, passed in 2003, directed the department to implement a two-year statewide IDR pilot program. No FTE authority was provided with passage of the bill.

The pilot program will establish a centralized IDR process conducted at headquarters, as opposed to the current regionalized process. Having one manager conducting all BH IDR hearings will result in improved timeliness and consistency of the IDR hearing and IDR decision. The plan includes and encourages participation of the provider and the resident or resident representative. The centralized process will result in improved information gathering regarding training needs for RCS staff and BH facilities. The boarding home license fee would need to increase \$10 in order to accomplish this activity.

**Narrative Justification and Impact Statement**

***How contributes to strategic plan:***

This decision package contributes to the ADSA Strategic planning goal "Upgrade Community-residential care models to enhance quality and accountability". This decision package also contributes to the DSHS 2003 Balanced Scorecard goal "DSHS manages its programs more effectively".

***Performance Measure Detail***

**Program: 050**

**Goal: 05E    Provide Public Value**

No measures submitted for package

**Incremental Changes**

**FY 1**

**FY 2**

***Reason for change:***

Refer to answers under "description" heading.

***Impact on clients and services:***

An increase in BH licensing fees will increase Residential Care Services' efficiency in processing initial BH license

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applications, reducing the backlog of initial BH license requests, enhance department services to BH providers by re-instituting a technical assistance program, and increase both efficiency and stakeholder input into the informal dispute resolution process.

Stakeholders affected by this proposal include:

- Boarding Home licensees and providers
- Boarding Home professional associations
- Long-Term Care Ombudsman
- Boarding Home residents

***Impact on other state programs:***

None

***Relationship to capital budget:***

Not applicable

***Required changes to existing RCW, WAC, contract, or plan:***

Not applicable

***Alternatives explored by agency:***

All three initiatives funded under the increase in licensing fees directly relate to core work for Residential Care Services. Numerous process improvement efforts have been conducted in the Business Analysis Unit, including the use of stakeholder workgroups, and there is simply too much work for the staff resources available. The QIC program was well received by BH providers, and in an evaluative study conducted in 2001, was found to be an effective program. No FTE authority was provided in the 2003 Legislative mandate to implement a centralized process.

***Budget impacts in future biennia:***

The same level of expenditures in Fiscal Year 2005 is expected in future biennia.

***Distinction between one-time and ongoing costs:***

One-time costs for staff equipment is \$18,000 for Fiscal Year 2004 and \$72,000 for Fiscal Year 2005. All other costs are ongoing.

***Effects of non-funding:***

There will continue to be a significant lag-time in the processing of initial BH license applications. This often results in significant financial consequences for BH licensees, and potentially decreases access to BH residential settings for Medicaid clients.

Quality of care, Quality of Life, and safety concerns for BH residents will continue to be evaluated only through periodic and sometimes infrequent complaint investigations and the annual inspection. The opportunity to minimize the adversarial nature of BH regulation and oversight will be negatively impacted.

Without new resources, the IDR project will have to be implemented using diverted staff resources. This means that there will be a negative impact on field operations and in important core activities like the availability of staff to conduct complaint investigations and annual inspections.

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***Expenditure Calculations and Assumptions:***

See attachment - LTC M2-UK Increase in Boarding Home Fees.xls

<b><u>Object Detail</u></b>		<b><u>FY 1</u></b>	<b><u>FY 2</u></b>	<b><u>Total</u></b>
<b>Overall Funding</b>				
A	Salaries And Wages	734,000	1,301,000	2,035,000
B	Employee Benefits	176,000	312,000	488,000
E	Goods And Services	81,000	144,000	225,000
G	Travel	13,000	23,000	36,000
J	Capital Outlays	39,000	115,000	154,000
<b>Total Objects</b>		<b>1,043,000</b>	<b>1,895,000</b>	<b>2,938,000</b>

**DSHS Source Code Detail**

<b>Overall Funding</b>		<b><u>FY 1</u></b>	<b><u>FY 2</u></b>	<b><u>Total</u></b>
<b>Fund 001-7, General Fund - Basic Account-Private/Local</b>				
<b><u>Sources</u></b>	<b><u>Title</u></b>			
5417	Contributions & Grants	521,000	947,000	1,468,000
<b>Total for Fund 001-7</b>		<b>521,000</b>	<b>947,000</b>	<b>1,468,000</b>
<b>Fund 001-C, General Fund - Basic Account-DSHS Medicaid Federa</b>				
<b><u>Sources</u></b>	<b><u>Title</u></b>			
19UL	Title XIX Admin (50%)	522,000	948,000	1,470,000
<b>Total for Fund 001-C</b>		<b>522,000</b>	<b>948,000</b>	<b>1,470,000</b>
<b>Total Overall Funding</b>		<b>1,043,000</b>	<b>1,895,000</b>	<b>2,938,000</b>